

# AGENDA

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## Utah Counties Indemnity Pool Board of Directors Telephonic Conference

Thursday, May 2, 2019, 12:30 p.m.

Electronic Meeting Notice: 515-604-9807, Participant Passcode: 675642 Anchor Location: 5397 S Vine, Murray, UT

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1:30	Open Meeting	Bruce Adams
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ITEM	ACTION	
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1.	Review/Approve CRL Property Plus Participation Agreement	Johnnie Miller
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2.	Review/Approve Amendment to 2018 Audited Financial Statements	Sonya White
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	<b>INFORMATION</b>	
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3.	Review WCF Insurance Joint Purchase Program	Johnnie Miller
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4.	Other Business	Bruce Adams
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# UTAH COUNTIES INDEMNITY POOL

## BOARD OF DIRECTORS' TELEPHONIC CONFERENCE MINUTES

May 2, 2019, 12:30 p.m.

### BOARD MEMBERS PARTICIPATING

Bruce Adams, *President*, San Juan County Commissioner  
William Cox, *Vice President*, Rich County Commissioner  
Alma Adams, Iron County Commissioner  
Dean Cox, Washington County Commissioner  
Dale Eyre, Sevier County Attorney  
Jim Kaiserman, Wasatch County Surveyor  
Bob Stevenson, Davis County Commissioner  
Mark Whitney, Beaver County Commissioner  
Mike Wilkins, Uintah County Clerk/Auditor

### BOARD MEMBERS UNABLE TO PARTICIPATE

Deb Alexander, Davis County HR Director  
Blaine Breshears, Morgan County Sheriff

### BOARD MEMBERS ABSENT

Karla Johnson, *Secretary/Treasurer*, Kane County Clerk/Auditor  
Scott Jenkins, Weber County Commissioner

### OTHERS PARTICIPATING

Johnnie Miller, UCIP Chief Executive Officer  
Sonya White, UCIP Chief Financial Officer  
Alex Getts, UCIP Education & Training Specialist

### Call to Order

Bruce Adams called the telephonic conference of the Utah Counties Indemnity Pool's Board of Directors to order at 12:30 p.m. on May 2, 2019 and welcomed those participating.

### Review/Excuse Board Members Absent

Mike Wilkins made a motion to excuse Deb Alexander and Blaine Breshears from this meeting. Alma Adams seconded the motion, which passed unanimously.

### Review/Approve CRL Property Plus Participation Agreement

The draft County Reinsurance Limited (CRL) Separate Account Participation Agreement was previously sent to the Board Members for review (see attachment number one). Johnnie Miller explained that CRL is requesting the signed agreement, from all CRL members who will participate in the Property Plus program, by May 8 in order to provide it to the Vermont Department of Insurance, the state where CRL is domiciled. The CRL Board plans to approve the agreements at their May 15 meeting. Miller has reviewed the agreement and has spoken with several Pool Directors, who have reviewed the agreement along with their legal counsels and found nothing objectionable. Miller reported that all agreements and funding requisite to start the CRL Property Plus program be committed by June 3, which falls before the next UCIP Board Meeting. Miller recommended that the Board approve the Chief Executive Officer or Board President to enter into the agreement and for the Board to determine the amount that UCIP will contribute to the program. Jim Kaiserman made a motion to approve the Chief Executive Officer or Board President to enter into the County Reinsurance Limited Separate Account Participation Agreement allowing UCIP to participate in the CRL Property Plus program. Mike Wilkins seconded the motion, which passed, Dean Cox opposed.

Mike Wilkins made a motion to approve UCIP contributing \$500,000 to participate in the County Reinsurance Limited Property Plus program. Jim Kaiserman seconded the motion, which passed unanimously.

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## UTAH COUNTIES INDEMNITY POOL

5397 S Vine Street, Murray, UT 84107-6757  
(801)565-8500  [ucip.utah.gov](http://ucip.utah.gov)



### Review/Approve Amendment to 2018 Audited Financial Statements

Amendments to the 2018 audited financial statements were previously sent to the Board Members for review (see attachment number two). Sonya White explained that County Reinsurance Limited (CRL) provided its members with their final audited equity allocations on April 30, 2019. CRL had previously provided a draft of the allocations that White used to book in the financial statements. In previous years, the draft has matched the final. For 2018, the draft stated an increase of \$39,775 in UCIP's equity in CRL. The final stated an increase of \$98,921. White confirmed with the independent auditors of Larson & Company that the audit can be amended to show the change in the increase in CRL equity. This change will increase the net position of UCIP from \$5,912,053 to \$5,971,199 at year end 2018. Mike Wilkins made a motion to accept the changes as recommended. Alma Adams seconded the motion, which passed unanimously.

### Review WCF Insurance Joint Purchase Program

Johnnie Miller reported that the WCF Insurance Joint Purchase Program has worked well for UCIP and rarely receives concerns regarding how claims and safety services are handled. Miller reported receiving a call from Blake Green, UCIP's primary WCF account manager, on Friday, April 26, informing him that WCF has had difficulty with brokers selling business for them since WCF has internal salespeople, like Green and his staff. WCF has announced that they will no longer write business internally. Northern Utah accounts will be taken over by Morton & Associates and Southern Utah accounts will be taken over by Dixie Leavitt Insurance. Green informed Miller that effective June 1, he will begin working for Morton & Associates, who will administer UCIP's account. Miller expressed concerns that this decision by WCF may cause a disruption for UCIP members as well as giving Morton an opportunity to market other products to UCIP members. Miller reported that he met with Ray Pickup, President of WCF Insurance, on Monday, April 29 and reiterated these concerns. Miller contacted Arthur J. Gallagher and Marsh but those brokers had already been told by WCF that they would not accept any broker of record letters from any other brokers. Miller requested an exception be made by WCF for UCIP, which Pickup denied based on contractual obligations they already have in place with Morton and Leavitt. The option Pickup presented to Miller was that an agreement would be drafted between UCIP and WCF clarifying that Morton is WCF's service provider, not UCIP's broker, and that WCF will assure Morton will not market any of their products to UCIP members. The agreement will also clarify that Green and his staff will have sole restricted access to information on the UCIP account and will continue to administer the UCIP account. Miller stated that this option provides the least amount of disruption for UCIP members, who will continue working with the same staff and receive the same coverage as they have heretofore received. Dean Cox stated that Washington County is a client of Morton & Associates as an alternative to PTIF investments and asked if this new arrangement would affect their account. Miller stated that he would see that the agreement strictly regards insurance products and services and would not affect investment services and accounts managed by Morton. Cox asked whether this new arrangement would cost UCIP additional funding. Miller reported that the new arrangement would have no effect on costs to UCIP or its members. Bob Stevenson made a motion directing UCIP staff to proceed with an agreement with WCF as presented. Mike Wilkins seconded the motion, which passed unanimously.

### Other Business

The next meeting of the Board of Directors will be held Friday, June 21, 2019 at 8:30 a.m. at the Capitol Reef Resort, 2600 E Highway 24, Torrey, Utah.

Bob Stevenson made a motion to adjourn the telephonic conference of the Utah Counties Indemnity Pool Board of Directors at 1:00 p.m. on May 2, 2019. Mike Wilkins seconded the motion, which passed unanimously.

Prepared by:

Sonya White  
Sonya White, UCIP Chief Financial Officer

Submitted on this 21 day of June 2019

Mike Wilkins

Mike Wilkins, Board Member

Approved on this 26 day of June 2019

Bruce Adams

Bruce Adams, President



## Entity: Utah Counties Indemnity Pool

### Body: Board of Directors

<b>Subject:</b>	Administrative Services
<b>Notice Title:</b>	Board of Directors Telephonic Conference
<b>Meeting Location:</b>	5397 S Vine St Murray 84107
<b>Event Date &amp; Time:</b>	May 2, 2019 May 2, 2019 12:30 PM - May 2, 2019 01:30 PM
<b>Description/Agenda:</b>	Open Meeting Review/Approve CRL Property Plus Participation Agreement Review/Approve Amendment to 2018 Audited Financial Statements Review WCF Insurance Joint Purchase Program Other Business
<b>Notice of Special Accommodations:</b>	In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Indemnity Pool, 5397 S Vine St, Murray, UT 84107-6757, or call 801-565-8500, at least three days prior to the meeting.
<b>Notice of Electronic or telephone participation:</b>	Any Member of the Utah Counties Indemnity Pool Board of Directors may participate telephonically.
<b>Other information:</b>	
<b>Contact Information:</b>	Sonya White (801)307-2113 sonya@ucip.utah.gov
<b>Posted on:</b>	May 01, 2019 11:48 AM
<b>Last edited on:</b>	May 01, 2019 11:52 AM

Printed from Utah's Public Notice Website (<http://pmn.utah.gov/>)

**COUNTY REINSURANCE, LIMITED**  
**SEPARATE ACCOUNT PARTICIPATION AGREEMENT**

This Separate Account Participation Agreement ("Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_ by and between County Reinsurance, Limited, a captive insurance company organized and existing under the laws of the State of Vermont ("Company") and [Insert Name of Member Pool] ("Participant"). The Company and Participant are each referred to as a "Party" or collectively the "Parties". Each term defined in the Company's Bylaws and used herein without definition shall have the meaning assigned to such term in the Company's Bylaws, unless expressly provided to the contrary.

1. Participant is a Member Pool in good standing that wishes to participate in the reinsurance business described in the Company's Bylaws and plan of operation as Separate Account business, as approved by the Commissioner of the Vermont Department of Financial Regulation (the "Separate Account Business"). As a condition of participation in the Separate Account Business, Participant wishes to make a Separate Account Contribution to the Company which will be accounted for in a Separate Account Contribution Account established and maintained by the Company in accordance with Articles VIII and X of the Company's Bylaws.

2. This Agreement evidences the Company's acceptance of the Participant as a Participant in the Company's Separate Account Business in accordance with the eligibility and participation requirements for Separate Account participants established by the Company's Board of Directors. The Participant hereby agrees to be a Participant in the Company's Separate Account Business and be bound by, and comply with, all of the terms and conditions set forth in the Company's Articles of Association, Bylaws and all related documents, including, but not limited to, Policies issued by the Company and accounted for as Separate Account Business. The Company's Articles of Association, Bylaws and the Company's business plan regarding the Separate Account Business are incorporated into, and become part of, this Agreement.

3. The Participant's Separate Account Contribution shall be \$\_\_\_\_\_ (the "Contribution"). Participant hereby agrees to make the Contribution by delivering the Contribution by wire transfer to a depository to be designated by the Company, not later than 04:00 o'clock, p.m., Eastern Standard Time, 7 Business Days after the invoice date.

4. The Participant acknowledges and agrees that its status as a Participant in the Company's Separate Account Business will automatically cease when the Participant ceases to be reinsured by the Company under a Policy accounted for in the Separate Account.

5. This Agreement may not be modified, amended or supplemented in any manner except in writing signed by the Parties.

6. Participant may not assign or transfer its rights under this Agreement to any third party without the written consent of the Company which consent may be withheld in the Company's absolute discretion.

7. Participant hereby represents and warrants to the Company as follows:

(a) Participant has adequate power and authority and has full legal right (i) to enter into this Agreement and (ii) to perform all of its agreements and obligations under this Agreement.





(b) This Agreement, when executed and delivered, shall have been duly and properly executed and delivered by Participant.

(c) The agreements and obligations of Participant contained in this Agreement constitute legal, valid and binding obligations of Participant, enforceable against Participant in accordance with their terms.

8. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Vermont without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than those of the State of Vermont.

9. Nothing in this Agreement, expressed or implied, is intended to confer upon any Party, other than the Parties hereto and their affiliates, successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

10. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures delivered electronically or by facsimile shall be valid and equal for all purposes with original signatures.

IN WITNESS WHEREOF, the Parties have set their hand.

[Participant]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY REINSURANCE, LIMITED

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**UTAH COUNTIES INDEMNITY POOL****STATEMENT of NET POSITION**

For the Year Ended December 31, 2018

	<u>2018</u>
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 11,913,616
Short-term investments	1,600,259
Accounts receivable	1,987
Prepaid expenses	<u>295,182</u>
TOTAL CURRENT ASSETS	13,811,044
 LONG TERM INVESTMENTS	 2,745,237
 PROPERTY AND EQUIPMENT	 542,719
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>142,815</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ 17,241,815</u></u>
 <b>LIABILITIES AND NET POSITION</b>	
CURRENT LIABILITIES	
Reserves for losses and loss adjustment expenses	\$ 9,350,613
Accrued expenses	117,156
Contributions paid in advance	<u>1,547,876</u>
TOTAL CURRENT LIABILITIES	11,015,645
 NONCURRENT LIABILITIES	
Net pension liability	170,270
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>84,701</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	 11,270,616
 NET POSITION	
Net investment in capital assets	542,719
Unrestricted	<u>5,428,480</u>
TOTAL NET POSITION	<u>5,971,199</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u><u>\$ 17,241,815</u></u>

*The accompanying notes are an integral part of the financial statements.*

**UTAH COUNTIES INDEMNITY POOL**  
**STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION**  
For the Year Ended December 31, 2018

	<u>2018</u>
OPERATING INCOME	
Contributions	\$ 6,124,167
Investment Income	420,240
Other Income	<u>24,208</u>
TOTAL OPERATING INCOME	6,568,615
UNDERWRITING EXPENSES	
Losses and Loss Adjustment Expenses	2,818,293
Reinsurance Coverage	<u>1,702,872</u>
TOTAL UNDERWRITING EXPENSES	4,521,165
ADMINISTRATION EXPENSES	
Directors	31,501
Depreciation	2,342
Risk Management	55,772
Public Relations	20,424
Office	98,382
Financial/Professional	90,543
Personnel	<u>695,867</u>
TOTAL ADMINISTRATION EXPENSES	994,831
TOTAL OPERATING EXPENSES	<u>5,515,996</u>
NET OPERATING INCOME	1,052,619
OTHER INCOME/(EXPENSES)	
Unrealized Loss on Marketable Securities	<u>(2,579)</u>
TOTAL OTHER EXPENSES	<u>(2,579)</u>
CHANGE IN NET POSITION	1,050,040
NET POSITION AT BEGINNING OF YEAR	<u>4,921,159</u>
NET POSITION AT END OF YEAR	<u><u>\$ 5,971,199</u></u>

*The accompanying notes are an integral part of the financial statements.*

**UTAH COUNTIES INDEMNITY POOL**  
**STATEMENT of CASH FLOWS**  
For the Year Ended December 31, 2018

	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Contributions collected	\$ 6,602,701
Other fees collected	24,208
Reinsurance paid	(1,748,005)
Losses and loss expenses paid	(2,443,605)
Cash paid to employees	(745,623)
Other administrative expenses paid	(296,622)
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,393,054</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(295,051)
Sale of investments	200,000
Investment income	323,898
Purchase of capital assets	88,238
<b>NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<u>317,084</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,710,138
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>10,203,478</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 11,913,616</u></u>
<b>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Change in net position	\$ 1,050,040
<b>Adjustments to reconcile change in net position to net cash flows used by operating activities</b>	
Depreciation	2,342
Interest on investments	(321,319)
Increase in equity in CRL	(98,921)
Net outflows of resources relating to pension	(66,796)
Unrealized gain on investments	2,579
Accounts receivable	(1,987)
Prepaid expenses	(45,133)
Reserves for loss and loss adjustment expenses	374,688
Accrued expenses	17,040
Contributions paid in advance	480,521
Total adjustments	<u>343,014</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 1,393,054</u></u>

*The accompanying notes are an integral part of the financial statements.*



